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Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W
---------- 042231
R 040545Z JUN 75
FM AMEMBASSY ABU DHABI
TO USDOC WASHDC
INFO SECSTATE WASHDC 3002
AMEMBASSY BEIRUT
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT

UNCLAS ABU DHABI 1201

E.O. 11652: NA
TAGS: ELEC, TC
SUBJ: ABU DHABI OPENS BIDS FOR LARGE POWER-WATER STATION:
U.S. PARTICIPATION MINIMAL

REF: A) ABU DHABI 97 B) LEON-FINNERTY LETTER DTD. 1/22/75

SUMMARY: ABU DHABI WATER AND ELECTRICITY DEPARTMENT
(DWE) HAS OPENED BIDS FOR LARGE 240 MW STEAM TURBINES
AND 16 MGD DESALINATION PLANTS AT OMM AN-NAR. ALTHOUGH
TOTAL PROJECT WILL COST OVER 200 MILLION DOLLARS,
GE ONLY COMPETING U.S. FIRM, WHICH BID ONLY FOR

SUPPLY OF TURBINES VALUED AT ABOUT 40 MILLION DOLLARS.
EMBASSY DISCOURAGED AT U.S.COMPANIES' LACK OF INTEREST
THIS MAJOR POWER-WATER PROJECT. END SUMMARY.

1. AS REPORTED REFTEL, TENDERS FOR THIS PROJECT WERE
ISSUED IN FOUR SECTIONS AND BIDDERS WERE INVITED
TO BID ON ONE OR MORE PARTS. SUMMARY OF BIDS RECEIVED
FOLLOWS (DOHLARS EQUAL DH 3.945):

A. BOILERS (11 BIDDERS)
1. HIGH:DH 377.1MILLION, FIVES CAIL-BABCOCK
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(FRANCE).

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2. LOW: DH. 205 MILLION, MITSUBISHI (JAPAN)
3. AVERAGE: DH. 285.4 MILLION
B. TURBINES (11 BIDDERS)
1. HIGH: DH. 255.1 MILLION, GRUPPO INDUSTRIAL
ESTABLISHMENT (ITALY).
2. LOW: DH. 100.50 MILLION, BABCOCK-OBERHAUSEN
(GERMANY).
3. AVERAGE;
DH. 166.7 MILLION
4. U.S. COMPANY (GENERAL ELECTRIC): DH. 155.1
MILLION

C. ELECTRICAL (9 BIDDERS)
1. HIGH: DH. 160.5 MILLION, BBC-MANHEIM (GERMANY)
2. LOW: DH. 80.7 MILLION, SALEMI-COPOGI (ITALY)
3. AVERAGE: DH. 94.2 MILLION

D. DESALINATION (9 BIDDERS)

1. HIGH: DH. 367.7 MILLION: GRUPPO INDUSTRIAL
ESTABLISHMENT
2. LOW: DH. 190.5 MILLION SIR SACIETA (ITALY)
3. AVERAGE: DH. 264.8 MILLION

E. COMBINED TOTALS
1. HIGH: DH. 1,160 MILLION
2. LOW: DH. 577.0 MILLION
AVERAGE: 811.1 MILLION

2. DWE CONSULTANT (LEHMEYER INTERNATIONAL, FRANKFURT,'*
&34.-,6) WILL
NEED AT LEAST A MONTH TO ANALYSE
BIDS RECEIVED AND MAKE RECOMMENDATION. THERE ARE
NUMBEROUS ALTERNATIVE PROPOSALS AND GOVERNMENT IS NOT
OBLIGATED TO SELECT LOW BIDDER. MOST BIDDERS HAVE
ESTIMATED 2 1/2 TO 3 1/2 YEARS REQUIRED FOR JOB, AND TIME
MAY ALSO BECOME AN ITEM FOR NEGOTIATION.

3. WITH ABU DHABI FACING POWER SHORTAGE PROBELEMS
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RESULTING FROM CONSULTANT'S PREVIOUS UNDERESTIMATES
OF INCREASED DEMAND, THERE IS GREAT PRESSURE TO
EXECUTE THIS PROJECT AS QUICKLY AS POSSIBLE. THIS
PROJECT IS SUPPOSED TO PROVIDE A "FINAL SOLUTION" TO

ABU DHABI'S POWER AND WATER SUPPLY DIFFICULTIES.

SEVERAL OF THE MAJOR ANCILLARY CONTRACTS (WATER PIPDTSNES,

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POWER TRANSMISSION LINES) HAVE ALREADY BEEN AWARBED OR ARE PRESENTLY
OUT TO TENDER.

4. BEST INFORMATION AVAILABLE IS THAT DWE PLANS CHOOSE
BEST BIDDER FOR EACH OF FOUR SECTIONS AND REQUEST THEY
FORM CONSORTIUM. "BEST" BIDDER HERE NOT NECESSARILY
LOWEST ONE, BUT SHOULD COMINE INTERNATIONAL
REPUTATION AND REASONABLE PRICE.

5. ABSENIF OF U.S. COMPANIES FROM BIDDING THIS
PROJECT IS UNFORTUNATE. EMBASSY FIRST REPORTED
THIS OPPORTUNITY YEAR BEFORE CLOSING DATE
(ABU DHABI 651 DTD. 5/26/74), SO FIRMS HAD AMPLE
TIME TO PREPARE THEIR BIDS. WE CAN ONLY CONCULDE

THAT, WITH THE EXCEPTION OF
GE, U.S. FIRMS NOT
INTERESTED IN 200 MILLION-DOLLAR-BUSINESS IN UAE.

6. RECENT EXCHANGES OF CABLES ABOUT PLANNED DESALI-
NATION FACT-FINDING MISSION EXPLAINS U.S. FIRMS'
ATTITUDE TOWARD DESALINATION PROJECT. BUT OUR EUROPEAN
AND JAPANESE COMPETITORS WERE NOT SO HESITANT TO
ASSUME RISKS, FURTHERMORE, EVEN IF U.S. BUSINESS
WILLING TO SURRENDER UAE DESALINATION MARKET TO OTHERS,
DO NO AMERICAN COMPANIES MAKE BOILERYUOR ELECTRICAL
EQUIPMENT? IS GE ONLY U.S. MANUFACTURER OF STEAM
TURBINES?

7. WE APPRECIATE USDOC ASSISTANCE IN PROMOTINGMTHIS
OPPORTUNITY AND WOULD WELCOME AND COMMENTS ON LACK
OF INTEREST BY U.S. COMPANIES.
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Message Attributes

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Draft Date: 04 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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Errors: N/A
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Type: TE
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